Starting a Small Business in Manitoba

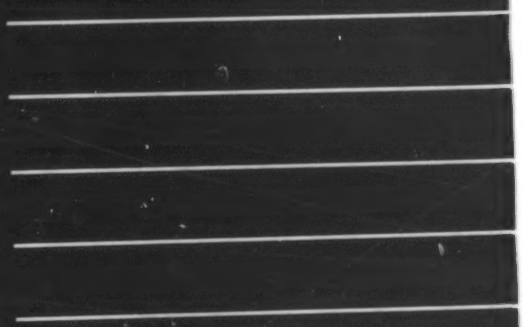

TABLE OF CONTENTS

INTRODUCTION 3

OBTAINING LICENCES AND PERMITS 4

Municipal Licences 4
Getting a Licence in the City of Winnipeg 4
Procedure for Issuing Licences 5
Obtaining a Business Licence Outside Winnipeg 6

Provincial Licences 6
Manitoba Agriculture 6
Manitoba Justice 7
Manitoba Family Services 8
Manitoba Cooperative, Consumer and Corporate Affairs 8
Manitoba Environment 9
Manitoba Industry, Trade and Tourism 10
Manitoba Securities Commission 10
Manitoba Education 10
Manitoba Finance 11
Manitoba Highways and Transportation 11
Manitoba Natural Resources 13

CHOOSING YOUR FORM OF BUSINESS ORGANIZATION 14
1. Sole Proprietorship 14
2. Partnership 14
3. Corporation 15
4. Cooperative 16

REGISTRATION OF YOUR BUSINESS NAME 18
Who Must Register? 18
What Facts Must You Supply? 18
Changes in Your Business Requiring Registration 19
Where to Register? 19

TAXES AND DUTIES 20
Provincial Tax 20
Retail Sales Tax 20
Federal Taxes 20
Goods and Services Tax and Excise Tax 21
Customs and Duties 22
Personal and Corporate Income Tax 22

92-02281/

WAGE DEDUCTIONS	24
WORKERS COMPENSATION CONTRIBUTIONS	25
FURTHER INFORMATION	27

INTRODUCTION

This booklet is designed for those who have made up their minds to start a business and want to know the legal requirements with which they must comply before they can start operating. The information included is specifically adapted to the needs of small businesses. Though most of what is said will apply equally to larger concerns, many regulations are beyond the scope of this publication, particularly with regard to large or specialized corporations and their tax position.

This publication is a general guide to many basic laws which concern business enterprises. Competent legal counsel should be retained to explain the legal position of complex forms of business organization. It is also desirable that professional accounting assistance be secured, not just for advice on taxation matters, but also for setting up, maintaining and auditing adequate financial records for the business.

During the planning of your business, you should have assured yourself on the most important questions already — whether the type of business you have chosen, its location, its market, its cash needs, its general profitability and possibility of growth are all favourable. If you require further information and advice on these matters, you can contact the Business Resource Centre in Winnipeg or Western Regional Office in Brandon especially if you plan to establish a business elsewhere in Manitoba. Check addresses on page 27.

This publication is intended as a guide. Since no brief publication can possibly cover all the detail involved, a large number of addresses and telephone numbers have been included to assist you in obtaining further information from the various agencies/departments with whom you may have to deal.

THE INDIVIDUAL/BUSINESS/CORPORATION/PARTNERSHIP (HEREIN AFTER REFERRED TO AS THE CLIENT) ACKNOWLEDGES AND UNDERSTANDS THAT THE GOVERNMENT OF MANITOBA DOES NOT WARRANT OR REPRESENT THE ACCURACY, SUITABILITY OR APPLICABILITY OF THIS (ATTACHED) INFORMATION AND ASSUMES NO RESPONSIBILITY OR LIABILITY FOR THE USE THEREOF BY THE CLIENT AND ANY THIRD PARTIES AND THAT THE INTERPRETATION, USE AND APPLICATION OF SUCH INFORMATION SHALL BE THE CLIENT'S SOLE RESPONSIBILITY.

OBTAINING LICENCES AND PERMITS

In Manitoba there are many regulations concerning licences and permits. The procedure for complying with these regulations concerning licences and permits is complex and difficult to summarize briefly.

However, understanding why these regulations exist will help you to appreciate why the procedure is necessary and as complicated as it often is. Licences and permits customarily serve both to protect the public and established businesses from unfair trade practices and to provide government with essential information on which to base such different activities as tax assessment, aid to business, and labour regulation enforcement. Some businesses may need several licences and permits since frequently two levels of government or a number of different bodies at each level are involved.

In the following, a licence or permit is defined as a document authorizing a person to commence a particular business activity. Because both provincial and municipal governments have separate but overlapping authority with regard to the licencing of many businesses, you will have to check with both to be sure of complete compliance.

Municipal Licences

The Municipal Act of Manitoba empowers all urban and rural municipalities to regulate certain trades and occupations carried on within their boundaries. Because of this it is important to note at the outset that there is no general uniformity throughout the province as to what licences are required. Because each municipality has extensive powers to limit or even prohibit certain types of business, you are well advised to consult with the appropriate local authority regarding your projected operation.

Business Licences in the City of Winnipeg

Whether or not your business requires a licence for the City of Winnipeg, you must fulfill two types of requirements set by the civic government.

Zoning Regulations:

All businesses are required to conform to City zoning regulations and obtain an Occupancy Permit. If your business is one for which a licence is also necessary, you must obtain zoning clearance before the licence can be issued. The address and telephone number of the Zoning Branch are given at the end of this section.

Business Tax:

With regard to City business tax, you will be required to pay a percentage of the assessed annual rental value of your premises as determined by City Assessors. You are not required to register to pay business tax. City Assessors will, however, contact you on their yearly canvass of business premises. Any information you may require about business tax in Winnipeg can be obtained from the City's Business Assessment Section whose address and telephone number are given at the end of this section.

In Winnipeg, only the 94 businesses and occupations listed in the Licence By-Law No. 4007/85 require licences. Most businesses do not require one. If, for instance, you are planning to open a merchandising operation such as a hardware or clothing store, you will be responsible only for paying business tax and conforming to zoning and related regulations. Where licences are issued, they are predominantly regulatory in function; that is to say, they are intended as part of a larger scheme to control businesses which pose special problems to health, fire safety, disturbance to the physical and social environment and so on. These include most amusement operations, many sales businesses, food-related trades, businesses connected with the maintenance and improvement of buildings and such miscellaneous types of operations as hatcheries, kennels, laundries, and funeral parlours.

Occupations conducted from the home should be especially noted. They are subject to a licence in place of the usual business tax and require zoning approval before the issuance of a licence.

There are other exceptions which ought to be noted: organizations like the Winnipeg Winter Club and War Amputations of Canada are specially exempt from amusements licensing. Church groups can sponsor profit-making entertainments. The City of Winnipeg Licence Branch can give you complete information.

Procedure for Issuing Licences

Several types of documents are necessary before the Inspector of Licences can issue you the appropriate licence. In addition to providing certain basic information — such as your name, address, occupation, as well as the name, address and nature of your business — you may require one or more special certificates issued by various civic authorities, including the Chief Constable, the Commissioner of Environment, the Medical Health Officer and the Fire Chief. Since the Licence Branch will assist you in obtaining these certificates, you are advised to contact them for guidance.

Two special categories of business should be noted as well. First, the City requires that a number of enterprises such as auctions, pawnbroker shops, and travelling amusement operations post a bond of indemnity. Second, operators of buses and motor raceways must carry a policy of public liability.

- For complete information concerning compliance with City of Winnipeg zoning regulations

  Contact: City of Winnipeg Zoning Development Branch
  395 Main Street
  Winnipeg, Manitoba R3B 3E1
  Telephone: 986-5140

- All inquiries concerning business tax

  Contact: City of Winnipeg Business Assessment Section
  4th Floor — 65 Garry Street
  Winnipeg, Manitoba R3C 4K4
  Telephone: 986-2696

- For further information concerning licences in Winnipeg

Contact: **City of Winnipeg Licence Branch**
Confederation Building
457 Main Street
Winnipeg, Manitoba R3B 1B5
Telephone: 986-6420, -21 & -22

Obtaining a Business Licence Outside Winnipeg

Because the Municipal Act allows each local government to set its own licensing requirements, there is no uniformity in the regulations among the 105 rural municipalities, 17 local government districts, 35 incorporated towns, 39 incorporated villages and five cities (other than Winnipeg) in Manitoba. Since the extent to which a local authority utilizes its power to regulate is based largely on local conditions, you have to address your zoning and licensing inquiries to the appropriate local officials, usually the secretary-treasurer of the town, village, or rural municipality.

If you have any doubt as to where an office is located, Manitoba Rural Development will be pleased to provide information:

Advisory & Financial Services
607-800 Portage Avenue
Winnipeg, Manitoba R3G 0N4
Telephone: 945-2572

Alternatively, you may find the names and addresses of the appropriate local authorities in the booklet, Municipal Officials of Manitoba, an annual publication available in most public libraries, in the Business Resource Centre, as well as the Library of Manitoba Industry, Trade and Tourism in Winnipeg.

The address of the Business Resource Centre is listed at the end of this publication.

The Library of the Department is located at:

648 - 155 Carlton Street
Winnipeg, Manitoba R3C 3H8
Telephone: 945-2057

Provincial Licences

Provincial licensing functions are distributed among many of the departments of government. The following is a list of provincial departments with authority for various licences related to small business along with appropriate contacts.

Manitoba Agriculture Licences:

- Dairy product plants and margarine facilities
- Bulk milk graders
- Dairy farms (for registration number)

Contact: **Dairy Section, Animal Industry Branch**
Telephone: 945-7672

- Artificial insemination technicians
- Fur farms

Contact: **Director, Veterinary Services Branch**
Telephone: 945-7647

- Hatchery operators and dealers in poultry and poultry products

Contact: **Chief—Poultry Section**
Agricultural Services Complex
University of Manitoba
545 University Crescent
Winnipeg, Manitoba R3T 2N2
Telephone: 945-7677

- Users of restricted pesticides
- Pesticide dealers and commercial applicators

Contact: **Entomology Section, Technical Services & Training Branch**
911-401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone: 945-3857

- Farm machinery dealers, vendors and suppliers

Contact: **Secretary-Manager, Manitoba Farm Machinery Board**
914-401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone: 945-3856

- Vegetables—potatoes, parsnips, carrots, rutabagas, onions

Contact: **Vegetable Marketing Board**
1200 King Edward Street
Winnipeg, Manitoba R3H 0R5
Telephone: 633-7926

- Milk, eggs, honey, broiler chicken, turkey and hogs

Contact: **The Manitoba Natural Products Marketing Council**
901-401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone: 945-4495

(Note: Eight Producer Marketing Boards and Commissions are established in Manitoba. Each Board has specific regulations regarding the sale of their product. You should check with the Natural Products Council which will in turn advise you which of the boards to consult.)

Justice Department Licences:

- All transient accommodation, such as hotels and motels, where liquor is served
- Areas in such businesses associated with the food and beverage industry where liquor may be served i.e. Restaurants, Dining Rooms and Cocktail Lounges

(Note: Since all business involved in the serving of liquor must conform to certain specifications with regard to design and operation, businesses considering such operations are strongly advised to contact the Liquor Control Commission for full information before they rent or build premises).

Contact: Licensing Division
Liquor Control Commission
P.O. Box 1023, 1555 Buffalo Place
Winnipeg, Manitoba R3C 2X1
Telephone: 474-5607

Security firms and security personnel, private investigators

Contact: Law Enforcement Services—The Private Investigations and Security Guards Act
5th Floor—405 Broadway
Winnipeg, Manitoba R3C 3L6
Telephone: 945-2887

Manitoba Family Services should be contacted regarding information on operating Day Care Centres, either group day care or family day care.

Contact: The Child Day Care Office
2nd Floor—114 Garry Street
Winnipeg, Manitoba R3C 1G1
Telephone: 945-2197

Manitoba Co-operative, Consumer and Corporate Affairs requires registrations, licences and in some cases bonds from:

- Sellers and companies involved in direct selling to the public such as at fairs and door-to-door
- Collection Agents
- Hearing aid dealers
- Bedding, upholstered and stuffed articles — manufacturers and renovators
- Charitable organizations soliciting province wide are duly authorized through this department under The Charities Endorsement Act

The Consumers' Bureau will also discuss the rights and responsibilities of small dealers in the above areas, as well as areas where retail transactions are involved.

Contact: **Consumers' Bureau**
114 Garry Street
Winnipeg, Manitoba R3C 1G1
Telephone: 945-2040
Toll Free in Manitoba: 1-800-782-0067
Fax: 945-0728

- Cemetery owners and funeral directors

Contact: **Public Utilities Board**
280 Smith Street
Winnipeg, Manitoba R3C 1K2
Telephone: 945-2638

Public Utilities Board is responsible for the Cemetery Act for prearranged funeral services.
Board of Administration for Embalmers & Funeral Directors Act 945-3742.

Environmental Legislation and Agreements

Manitoba Environment is responsible for the development and maintenance of an environmental management system designed to ensure the environment is looked after in such a manner so as to sustain a high quality of life for Manitobans today and in the future. The new Manitoba Environment Act (E125CCSM, 1987) provides for the review of any development which is likely to have a significant impact on the environment. An environmental assessment and review process has been developed to review projects which may impact on the environment.

For more information on the environment assessment and review process, what constitutes a development, or the Environment Act and regulations, please contact:

Manitoba Environment
Environmental Approvals
Building 2, 139 Tuxedo Avenue
Winnipeg, Manitoba R3N 0H6
Telephone: 945-7071

Workplace Safety and Support Services Division

The Workplace Safety and Health Act (CW210, 1976) applies to all workplaces in Manitoba which normally fall under the jurisdiction of the legislature of Manitoba.

The duties and responsibilities for occupational safety and health are set out in the Act and its 13 supporting regulations. These duties and responsibilities will be of particular concern to:

- employers
- workers
- safety and health committee members
- safety and health worker representatives

Several of the regulations under the Workplace Safety and Health Act may have an impact on small business in Manitoba. These include:

• WHMIS	MR 52/88
• Workplace Health Hazard	MR 53/88
• Workers Working Alone	MR 105/88R
• Workplace Safety	MR 108/88R

The Division administers activities ranging from training and consultation to enforcement of workplace safety and health legislation. For further information on your responsibilities concerning safety and health, please contact the Workplace Safety and Health Division of Manitoba Labour.

Winnipeg Area
Manitoba Labour
Workplace Safety and Support Services Division
1000-330 St. Mary Avenue
Winnipeg, Manitoba R3C 3Z5
945-3446

Brandon Area
Manitoba Labour
Workplace Safety and Support Services Division
Room 304-340 9th Street
Brandon, Manitoba R7A 6C2
726-6361

The Pas Area
Manitoba Labour
Workplace Safety and Support Services Division
Box 2550
The Pas, Manitoba R9A 1M4
623-6411

- All workplaces under federal jurisdiction fall under the Canada Labour Code, Part II Occupational Safety and Health and Part III, Labour Standards.
- Effective accident prevention benefits employers, employees and their families through:
  - fewer injuries and illnesses
  - higher morale among workers
  - reduced cost in workers' compensation payment for victims
  - lower compensation premiums for industries that reduce their accident rates.
- The Code also establishes minimum standards for working conditions (wages, standard hours of work and overtime rates, annual vacations and statutory holidays) as well as leave for personal reasons such as illness, bereavement, maternity and child care.

Further information may be obtained by contacting one of Labour Canada's District Offices.

Contact: **Labour Canada**
Winnipeg East District Office
Room 206 — 180 Main Street
Winnipeg, Manitoba R3C 1B2
OR

Winnipeg West District Office
Brick Plaza II
1045 St. James Street
Winnipeg, Manitoba
R3H 1B1
Telephone: 983-2409

- Food handling establishments

Contact: **Manitoba Health, Food Protection**
300-800 Portage Avenue
Winnipeg, Manitoba R3G 0N4
Telephone: 945-7066 and
Local City of Winnipeg Health Inspection
Telephone: 986-2121

Manitoba Securities Commission —

- Real Estate Brokers, Salesmen & Mortgage Dealers

Contact: **The Registrar**
Real Estate Brokers Act
Room 1118-405 Broadway Avenue
Winnipeg, Manitoba R3C 3L6
Telephone: 945-2562

- Matters pertaining to securities & investments

Contact: **The Director**
Manitoba Securities Commission
1128-405 Broadway Avenue
Winnipeg, Manitoba R3C 3L6
Telephone: 945-2548

Manitoba Industry, Trade and Tourism licences:

- All transient accommodation including hotels, motels, lodges, resorts, outfitters, outcamps and tourist camping grounds

Contact: **Travel Manitoba**
7th Floor—155 Carlton Street
Winnipeg, Manitoba R3C 3H8
Telephone: 945-3796 / 2307

Manitoba Education licences:

- Private vocational such as business colleges and schools of hairdressing, radio announcing, modelling, bartending and tax accounting
- Home study schools

Contact: **Manitoba Education and Training**
Room 417-185 Carlton Street
Winnipeg, Manitoba R3C 3J1
Telephone: 945-8502

Manitoba Finance licences and permits:

- Dealers in propane, gasoline, diesel and heating fuels
- Inter-provincial trucking operators
- Dealers in tobacco products
- Dealers in electricity, natural gas and coal
- Operators of racetracks where pari-mutuel betting takes place

Contact: **Taxation Division**
101 — 401 York Avenue
Winnipeg, Manitoba R3C 4G4
Telephone: 945-6444
Toll Free in Manitoba: 1-800-782-0318

Manitoba Highways and Transportation licences:

- All drivers
- Auto wreckers
- Commercial driving schools and instructors
- Salesmen and dealers in trucks, cars, motorcycles, trailers, snowmobiles and other vehicles
- All motor vehicles including commercial vehicles, taxis, U-drives and all vehicles required to be registered under the Highway Traffic Act and Snowmobile Act

Contact: **Driver and Vehicle Licensing**
Highways Services Building
1075 Portage Avenue
Winnipeg, Manitoba R3G 0S1
Telephone: 945-6850

Manitoba Labour is involved in several areas of qualifications certification of trades, certain licensing requirements and the enforcement of labour legislation and regulations. Prospective employers should be aware of these functions and services; in particular, individuals investing in or starting up a business which requires the use of trained trades personnel.

- Private Employment Agencies
- Queries concerning minimum wage, hours of work, overtime, working conditions, general holidays, individual or group termination of employment, child employment, maternity leave, keeping of payroll records, equal pay for male or female employees and enforcement of The Construction Industry Wages Act which provides for minimum wages and hours in this industry throughout the province, may be referred to:

  The Director, Employment Standards Division
  Room 604 - 401 York Avenue
  Winnipeg, Manitoba R3C 0P8
  Telephone: 945-3352 or 945-3353

This Division will also supply, on request, a guide to "Manitoba Labour Laws".

- Information on apprenticeship programs and examination certification of tradespeople
- Information to qualify for licensing of improver, journeyman and master barber/stylist in all cities and incorporated towns
- Information to qualify for licensing of hairdressing, beauty treatment and manicuring salons
- Information on examinations and licensing of hairdressers, manicurists and skin specialists

  Contact: **The Director, Apprenticeship & Training**
  Room 816 - 401 York Avenue
  Winnipeg, Manitoba R3C 0P8
  Telephone: 945-3337

- Operators' licences for electricians and TV repair, gas fitters, oil burner installers, movie projectionists, and power engineers

  Contact: **The Director, Mechanical and Engineering Branch**
  Room 500 - 401 York Avenue
  Winnipeg, Manitoba R3C 0P8
  Telephone: 945-3373

(As an illustration of the occasional special requirements involved in setting up certain technical services there is, for example, the position of the journeyman electrician who might wish to set up as an electrical contractor. In the City of Winnipeg, he/she must be examined and certified by Manitoba Labour, and then take out a contractor's licence with the City, which also grants wiring permits and inspects the work. In the municipal area, one usually requires a municipal business licence and obtains wiring permits from the nearest inspection representative of Manitoba Hydro).

OBTAINING
LICENCES
AND PERMITS

Manitoba Natural Resources issues licences or permits to:

- Those harvesting timber from Crown lands
- Those manufacturing primary forest products (saw mills and planer mills)
- Dealers in forest products cut in Manitoba
- Those registering a timber mark or brand
- Those scaling (measure volume of) roundwood from logs cut on Crown land

  Contact: **Forestry Branch**
  300 - 530 Kenaston Blvd.
  Winnipeg, Manitoba R3N 1Z4
  Telephone: 945-7988

- Fur dealers in stores, private dwellings, auctions, as well as travelling fur dealers

  Contact: **Fur Dealers' Licence Clerk**
  500 - 191 Broadway
  Winnipeg, Manitoba R3C 4B2
  Telephone: 945-1397

- Businesses operating in any Provincial Park under the following three conditions:
  1) any itinerant trade activity such as mobile ice-cream truck, dock repairs, chimney cleaning
  2) any business operating from an establishment located on private land
  3) any business operating from an establishment located on Crown land

  Contact: **Parks Branch**
  Visitor Services Section
  4th Floor—258 Portage Avenue
  Winnipeg, Manitoba R3C 0B6
  Telephone: 945-4406

There are four types of business organization:

1. Sole proprietorship
2. Partnership
3. Corporation
4. Cooperative

In choosing the type of form most appropriate to your operation, a number of factors ought to be considered: ease of organization, the expected length of the life of the business, financing and management problems, liability for the debts of the business and taxation regulations. Below is a general breakdown of the forms of business and their most important advantages and limitations. Moreover, in most cases, you still have to register or incorporate your business with the Corporations Branch.

A business or corporate name must be reserved before filing documents. (It usually takes about 24 hours to clear a name.) People are urged not to print business cards and stationery before the name is registered or incorporated. If the name is unavailable, the money spent has been wasted on materials that cannot be used.

1. Sole Proprietorship

A sole proprietorship is a business owned exclusively by a single individual who is alone responsible for its finance and management. The simplicity of its creation, organization and management makes it a particularly attractive form of organization for small operations.

The advantages may be outweighed, however, by its limitations.

Liability of Debts: Since the owner's personal property and business assets are not legally separate, the owner is personally liable for all debts of the business.

Life Span: The life of the business is confined to that of the owner.

2. Partnership

A partnership is any form of commercial organization other than a corporation existing between two or more persons wth a view to profit. With the special exception of the limited partnership discussed below, no formal requirements are necessary to set up a partnership beyond those laid out under the appropriate headings. Since the legal regulations of the partnerships are quite complex, it is advisable to seek detailed legal advice and to formalize any business agreement in a written form.

The chief advantage of the partnership as a form of commercial organization is that it enables a group of persons to pool their skills and resources in a single operation without the expense of incorporation. On the other hand, the most important of the several disadvantages of the partnership arrangement is the liability of each of the partners for all the obligations created by fellow partners. By law, every partner in a firm is liable jointly and severally (on his own and with his fellow partners):

- *for the full amount of all the debts and obligations incurred in the name of the firm by another partner whether the obligation was authorized by the other partners or not, and*
- *for any wrongful act or omission by any partner in the ordinary course of the firm's business.*

To mitigate the possible harsh effects of complete individual liability the legal system has created two types of partnerships: a) a general partnership where the liability of each and every partner is as described above and b) a limited (or special) partnership where a member of a partnership is liable only to the extent of his investment. Rigorous limitations are placed on this latter type of business arrangement. To become and remain a limited partner a person must a) take no active part in the running of the company nor allow any business to be conducted in his name without prior notice of his special status and b) register the limited partnership with the Corporation Branch as explained below. Failure to comply with either of these requirements will mean that the limited partner will be treated as a general partner and will assume all the latter's liabilities. The principle underlying the law is that anyone who shares in the management of a partnership ought to share in all the risks to which it is subject. To be sure all legal requirements are complied with, you should retain competent legal counsel.

There are some disadvantages as well to a general partnership:

Taxation: Like the sole proprietorship, the partnership is not taxed as a separate entity. Instead, the individual partner's share of the business income is taxed as part of his/her personal income.

Termination: A partnership must be dissolved and reconstituted every time a partner leaves, retires or dies or when there is an unresolvable disagreement among the partners. Contact the Branch for forms and instruction sheets for all above procedures.

3. Corporation

A corporation or limited company is the dominant feature of the modern business world. Not only is it the main instrument of big business, it also rivals partnership as a means of carrying on smaller enterprises. This is so in spite of its being the most expensive to start and complex to operate.

Among the most important reasons for its popularity are:

Limited Liability: Unlike the participants in a sole proprietorship or a partnership, the corporation shareholder is liable only to the extent of his/her actual investment in the shares of the corporation or of any loans he/she may have made to the corporation. Financial risk is thus considerably reduced in starting or running a business. In certain circumstances, in the event of bankruptcy or insolvency of a corporation, a shareholder who

is also an officer or director may find himself/herself personally liable to employees of the corporation in respect of unpaid wages.

Taxation: There are also, frequently, certain tax advantages that incorporation may offer, and this aspect should be investigated when planning your business set-up.

You may incorporate your company either under the federal Canada Business Corporations Act or under the Manitoba Corporations Act — Acts which are in all essential respects very similar. Prior reservation of the corporate name is mandatory. There is no particular advantage for a business intending to operate only in Manitoba to incorporate with the former rather than the latter. Indeed, there are two disadvantages attached to federal incorporation: it is substantially more expensive and federally incorporated bodies still have to register in Manitoba.

Because of the complexity of the law, legal advice should be obtained.

Consumer and Corporate Affairs
Canada
203-260 St. Mary Avenue
Winnipeg, Manitoba R3C 0M6
Telephone: 983-3227

For detailed information concerning the federal law, contact:

Director, Corporations Branch
Consumer and Corporate Affairs
Canada
Place du Portage, Phase II
1 Victoria Street
Hull, Quebec K1A 0C9
Telephone: (613) 997-1142

For information concerning the provincial legal requirements for incorporation contact:

Manitoba Cooperative, Consumer and Corporate Affairs
Corporation and Business Names Branch
10th Floor—405 Broadway
Winnipeg, Manitoba R3C 3L6
Telephone: 945-2500 (General Office)

4. Cooperative

A distinct form of corporation, the cooperative, must be specially noted. There are a number of differences of great importance between it and the ordinary corporation. First, a cooperative is organized and operated for the purpose of providing its own shareholders or members with goods or services. Second, regardless of the number of shares he/she

possesses, no shareholder has more than one vote. Third, the terms of capital investment by the members is limited by legislation. Fourth, the cooperative's surplus is returned to the members in the form of patronage refunds sometimes called patronage dividends. Each member receives a share of that surplus proportionate to the business done by the member with or through the cooperative. The Manitoba Cooperative Development Branch will be pleased to provide special information and much of the legal expertise you will require to start a cooperative.

For information on starting and incorporation of cooperatives, contact:

Director of Development
Manitoba Cooperative, Consumer and Corporate Affairs
800-215 Garry Street
Winnipeg, Manitoba R3C 3P3
Telephone: 945-4923
Toll Free in Manitoba: 1-800-282-8069

It should be noted that cooperatives intending to operate in more than one province can be incorporated under the Canada Cooperative Associations Act. Full information on the latter legislation may be obtained from the federal Department of Consumer and Corporate Affairs.

REGISTRATION OF YOUR BUSINESS NAME

Under Manitoba law, it is usually necessary to register the name of a new business (whether you intend to incorporate it or not) with the Corporations Branch of Manitoba Co-operative, Consumer and Corporate Affairs in Winnipeg. The main reason for registration is to make public the ownership of all businesses where ownership is not apparent from the name.

Who Must Register?

If you are alone in your business as a sole proprietor and operate under your own name registration is not generally necessary, providing you erect a sign in full public view giving your full name. For example, if Mr. Jones is the sole owner of a business he proposes to call J.H. Jones Plumbing, he would not be required to register it.

You will be required to register the name of your business:

- *If you intend to carry on business under some name other than your own family name, e.g. Economy Plumbing,*
- *if you are associated in a partnership, e.g. J.H. Jones and F.H. Smith Plumbing or J.H. Jones Plumbing.*
- *if your business name — even though it uses your family name — indicates that more than one person is involved in conducting the business, e.g. Jones & Company.*

What Facts Must You Supply?

Prior reservation is mandatory in new registrations. If your business falls within one of the above classes, you must file **prescribed forms** within one month of beginning business. Your registration forms will provide the following information:

- *your full name and place of residence,*
- *the name under which you intend to carry on business,*
- *a description of the nature of the enterprise,*
- *the location of the enterprise,*
- *if you are in business alone, a statement that no partnership exists,*
- *if you are in partnership, the full name of all persons involved and a statement of the time during which the partnership has existed.*

Such registration is effective for three years and is renewable upon application. **FORMS MUST BE FILED AND FEES PAID.** Contact the Branch for prescribed forms.

Changes in Your Business Requiring Registration

Prior reservation is mandatory if a business name is being changed.

Several sorts of alterations in the character of your business must be registered within one month of their occurrence. Any change in its name, ownership or dissolution must be drawn to the attention of the Branch. If your business is a partnership, you must register (a) any alterations of membership, (b) any change in the capital contributed by a limited partner in the case of limited partnership, and (c) the dissolution of the partnership.

Where to Register?

Corporation and Business Names Branch
10th Floor—405 Broadway
Winnipeg, Manitoba R3C 3L6
Telephone: 945-2500
Toll Free in Manitoba: 1-800-282-8069

(Cooperatives register with Manitoba Cooperative, Consumer and Corporate Affairs - see page 17).

Provincial Taxes — Retail Sales Tax

Under Manitoba's Retail Sales Tax Act, the provincial government imposes a tax on all retail sales, i.e., on all sales to consumers and users for the purpose of consumption or use and not for resale. All taxable goods and services are taxed at 7%. All retailers are required by law to register with Manitoba Finance. The tax is collected only once—from the ultimate consumer—so that, even if you are a wholesaler or manufacturer doing no retail business, you should register with the department in order to purchase free of the tax all materials you will resell or use in the production of your other goods. Since no Manitoba Sales Tax is usually paid at the source on goods produced outside the province, all contractors and others who bring such goods into Manitoba must register with the Retail Sales Tax Branch for the purpose of remitting the tax.

Since the Act contains numerous important exemptions—children's clothes, food products, restaurant meals under six dollars and so on—as well as particulars as to the method of collection and remittance, you should inquire at the following office for full information:

Manitoba Finance
The Retail Sales Tax Branch
115 - 401 York Avenue
Winnipeg, Manitoba R3C 4G4
Telephone: 945-6444
Toll Free in Manitoba: 1-800-782-0318

Corporation Capital Tax

A tax on annual paid-up capital of corporations which have a permanent establishment in Manitoba.

Since the Act contains various exclusive exemptions and important details, inquiries for full information should be directed to:

Manitoba Finance - Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 4G4
Telephone: 945-6444
Toll Free in Manitoba: 1-800-782-0318

Health and Post Secondary Education Tax Levy

A tax, paid by employers with a permanent establishment in Manitoba, on the monthly remuneration paid to employees.

Since the Act contains various exemptions and other important details, inquiries for full information should be directed to:

Manitoba Finance - Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 4G4
Telephone: 945-6444
Toll Free in Manitoba: 1-800-782-0318

Other Taxes

Wholesalers, retailers, dealers, operators and others whose business involvements related to gasoline, propane, diesel and heating fuel, electricity, natural and manufactured gas, coal, interprovincial trucking, tobacco products and pari-mutuel betting should inquire about important information at:

Manitoba Finance - Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 4G4
Telephone: 945-6444
Toll Free in Manitoba: 1-800-782-0318

Note: For required licences and permits, see section "Obtaining Licenses and Permits - Manitoba Finance".

Goods and Services Tax and Excise Tax

The Excise Tax Act (federal legislation) imposes both the Goods and Service Tax and Excise Tax.

The Goods and Services Tax (GST) replaced the Federal Sales Tax (FST) January 1, 1991. The majority of goods and services sold or provided in Canada are taxable under the GST at 7%. Some goods and services including prescription drugs, basic groceries, medical devices and all exports are zero-rated (taxed at a rate of 0%). Also a limited number of services including health care, educational services, child and personal care services are exempt from the GST.

Every business or organization engaged in a commercial activity with annual sales and revenues of GST-taxable goods and services (including zero-rated goods and services) of more than $30,000 will be required to register. Businesses that are registered for GST will be able to claim a credit (referred to as an input tax credit) for the GST paid or payable on business purchases. The credit is applied against the GST charged on sales to determine whether tax should be remitted or a refund claimed.

Excise tax is also imposed under the Excise Tax Act. However, this tax is imposed only on a limited number of goods including cigarettes and other tobacco products, wines, motor fuels, automotive air conditions, jewellery, goldsmiths' and silversmiths' products. The excise tax is applied either at a specific rate or as a percentage of the manufacturer's sale price and is in addition to the GST. Manufacturers or producers of goods subject to excise tax are required to apply for and operate under an excise tax licence.

For more information on these and other related matters, please contact:

Central Excise Region
4th Floor - 280 Broadway
P.O. Box 1022
Winnipeg, Manitoba R3C 2W2
General enquiries:
Winnipeg - 983-4525
Long distance - 1-800-665-8749

Customs/Duties

Importers are not required to have a licence, though the goods they bring into the country are subject to customs duties as well as to the sales and excise taxes described under the Federal Sales and Excise Tax paragraph. The system is complex, with many detailed regulations concerning invoicing, classification of goods, rates of duty, and reductions and exemptions for special classes of articles. You are advised to seek information from the local Customs and Excise Branch.

All inquiries concerning customs duties should be directed to:

Revenue Canada
Customs and Excise Branch
269 Main Street
Winnipeg, Manitoba R3C 1B3
Telephone: 983-6393

For your information the requirements for import/export permits can be obtainled from:

The Business Services Centre
8th Floor - 330 Portage Avenue
Winnipeg, Manitoba R3C 2V2
Telephone: 983-8036

Personal and Corporate Income Tax

Both the provincial and federal governments impose separate taxes on personal and corporate income, all of which are collected by the federal Department of National Revenue. Because of the detailed accounting procedures involved, you would be well advised to have a competent and experienced accountant prepare your income tax return for whatever sort of business you will be operating. For the more complex forms of business organization, like the partnership and the corporation, such assistance is virtually essential.

Every resident of Canada is liable to pay federal and provincial personal income tax on all earnings from all sources. A number of non-refundable tax credits are allowed: in addition to the more familiar non-refundable tax credits for oneself, spouse and children, for pension fund contributions and medical expenses, the businessman/woman who chooses not to incorporate will be particularly interested in deductions for expenses incurred while earning business income. In Manitoba, an individual's provincial tax is based on percentage of the federal tax and on percentage of net income. The provincial tax is added on to the federal tax.

As explained earlier, your tax situation is partly determined by your form of business organization. The sole proprietor's income and the individual shares of each of the partners in a partnership are taxed as personal income. A corporation, however, is in a very different situation: in the eyes of the law it is an artificial "person" and can be taxed in much the same way as an individual. Both federal and provincial taxes are levied on much the same basis—on the income remaining after allow-

able deductions. In 1990 the federal rate was set at 38% (with a 10% abatement for payment of provincial tax, making the actual rate 28%) and the provincial rate at 17%. The small businessman/woman should particularly note that a lower rate of income tax has been levied on small businesses as an incentive. The present rate is 10% Provincially. If engaged in manufacturing or processing there are further tax advantages Federally. Contact your local taxation office for further details.

The self-employed person is in a special position with regard to the submission of tax, in that he/she is required to make installment payments on a quarterly basis to his/her District Tax Office. He/she is in effect making the deductions required of all employers but in this case from his/her own income (Incorporated companies are also required to prepay taxes on a monthly basis).

For information on matters relating to personal and corporation income tax, contact:

District Taxation Office
391 York Avenue
Winnipeg, Manitoba R3C 0P5
Telephone: 983-6350
(French): 983-6188 1-800-362-3302
Toll Free in Manitoba: 1-800-282-8079

Small Business Tax Reduction

The Small Business Tax Reduction, introduced in the August 1988 Budget, provides income tax relief to new small business corporations for the first five taxation years. The relief currently applies to corporations incorporated under The Corporations Act, The Co-operatives Act, or The Credit Unions and Caisses Populaires Act from August 8, 1988 to December 31, 1991.

The eligibility period for new corporations will be extended by one year to December 31, 1992.

This program recognizes the importance of entrepreneurship in Manitoba, and the difficulties encountered in launching new businesses.

In their first year of operation, eligible new small businesses will be exempt from provincial corporation income tax on the first $200,000 of active business income. For the next four years, they pay tax at a reduced rate.

The program is administered by Manitoba Department of Finance and by Revenue Canada. Inquiries may be directed to:

Manitoba Tax Assistance Office
Room 309, Norquay Building
Winnipeg, Manitoba R3C 0P8
Telephone: (204) 943-3401 in Winnipeg
Toll Free in Manitoba: 1-800-782-0071

WAGE DEDUCTIONS

Unemployment Insurance, Canada Pension Plan and Employees' Income Tax

All employers are required by federal law to deduct certain amounts from the income of their employees for Unemployment Insurance premiums, Canada Pension Plan contributions, and Income Tax. These three types of deductions are grouped together as payroll deductions collected and remitted to a single government branch, the Department of National Revenue, Taxation. You will note that enquiries concerning source deductions are directed to a different office from those concerning employee benefits. With regard to Unemployment Insurance premiums and Canada Pension Plan contributions, the employer is required to make an additional contribution based on the amount of his/her employees' deductions.

As soon as an employer has registered his/her business and expects to hire personnel he/she should contact the District Office.

He/she will be given an Employer's Account Number which he/she should use in all dealings with the Department in connection with source deduction matters. The employer will also receive copies of the various forms he/she is required to complete as well as written instructions for guidance.

Detailed instructions on all source deduction matters are given in two Department of National Revenue publications; the Canada Pension Plan Contributions and Unemployment Insurance Premium Tables and the Income Tax Deduction Tables.

Check with Revenue Canada what deductions should be remitted as situations will vary based on individual circumstances. Employers must give employees T4 Supplementaries, showing total wages, C.P.P. contributions, unemployment insurance premiums and income tax deducted, and any other relevant deduction and benefit. A T4/T-4A Summary return with copy 1 of employee T4 and copies 1 and 2 of a T-4A Supplementaries must be filed with the Department by the last day in February. Penalties are levied for failure to comply with deadlines.

The position of the self-employed person is a special one. Among other things he/she is required to submit income tax and Canada Pension contributions in quarterly installments, being sure to include Social Insurance Number with each. He/she should enquire at the appropriate address below for complete particulars.

All enquiries regarding payroll deductions should be directed to:

District Taxation Office
3rd Floor—391 York Avenue
Winnipeg, Manitoba R3C 0P5
Telephone: 983-3918

For information concerning records of employment contact:

Unemployment Insurance Commission
344 Edmonton Street
Winnipeg, Manitoba R3C 3E6
Telephone: 983-4566

WORKERS COMPENSATION CONTRIBUTIONS

The Manitoba Workers Compensation Act provides for benefits to workers employed in compulsory industries under the Act who sustain personal injury or suffer from an industrial disease arising out of and in the course of their employment. Coverage for workers employed in industries not under the compulsory provisions of the Act is available on a voluntary basis on special application subject to Board approval.

The Manitoba Workers Compensation Act requires that employers in industries listed in Section 73 of the Act report to the Board when first employing a worker, whether on a regular or casual basis. An estimate of all workers' earnings up to the current legislated maximum for each worker must be submitted. The employer will be assessed on this payroll estimate at the rate established by the Board for that industry. If more than one industry is carried on, a separate payroll estimate is to be made in respect of each industry. It is important that an accurate payroll record be maintained, showing the names of workers, the period worked, and their total earnings during the calendar year.

By the end of February of each subsequent year, the employer must submit a statement of workers' actual earnings for the previous calendar year and an estimate for the current year. In the basis of this report, an adjusted assessment is made.The assessment is payable entirely by the employer and in accordance with The Workers Compensation Act, no deductions or contributions from the workers are permitted.

Optional Coverages:

a) **Executive Officers/Partners/Sole Proprietors**
Coverage is not in effect for executive officers of corporations, sole proprietors or partners unless a special application for coverage is received and approved by the WCB. Prepayment of the assessment is required upon initial application.

Coverage may be obtained upon any figure between the current years (1991) minimum of $13,056.00 and $38,000.00. However, in the event of a work related, time loss accident, benefits will be based on the minimum of $13,056.00 until substantiation of earnings is received in the form of the previous year's T4's for executive officers; or the previous year's Income Tax Return, Income Statement, and Capital Cost Allowance Schedule for partners or sole proprietors.

Benefits will be based on the lesser of:
i) The previous year's actual as reported to the WCB,
ii) Estimated earnings for the current year,
iii) Substantiated earnings based on previous year's taxation information.

If the current year's earnings are greater than the prior year's earnings, benefits will be based on the current year's earnings (upon substantiation) up to the level of coverage in effect. All benefits calculations are subject to WCB's average earnings policy. Please contact our Benefits Branch for details on the WCB's average earnings policy.

WORKERS COMPENSATION CONTRIBUTIONS

b) **Resident Members of Family of a Sole Proprietor:** Coverage is not in effect for a resident member of family of a sole proprietor unless special application for coverage has been received and approved by the WCB. The member of family must be paid in the same manner as other workers and accurate payroll records maintained for audit purposes.

Out-of-Province Work: Coverage may be in effect for any operations which are conducted outside of Manitoba. It is advisable to check with this office, as well as with the Board of the province in which the work is being conducted, concerning out-of-province operations.

Injury to Workers: If a worker is injured or suffers from a job-related industrial disease, the employer must notify the Board. Additionally, when a worker returns to work, the employer should notify the Board. (Forms are available upon request.) These reports must be submitted by the employer or a properly authorized official. Employers should instruct each worker to report all accidents immediately, whether of a minor or serious nature.

Benefits: Based on medical data, a worker who is injured by an accident arising out of and during the course of employment may receive payment for time loss from work starting the day after the accident. Benefits are paid at the rate of 75% of average earnings at the time of the accident, between the legislated minimum and maximum. Necessary medical and hospital costs are recovered, and vocational rehabilitation services are provided when required. In addition, benefits are available to dependents of fatally injured workers.

NOTE: Maximum individual earnings, assessment rates, and compensation benefits are subject to review and revision annually. Check with the Workers Compensation Board for up-to-date information.

For information concerning the employer's responsibilities under The Workers Compensation Act, contact:

The Workers Compensation Board of Manitoba
Assessment Branch
255 Sherbrook Street
Winnipeg, Manitoba R3C 2B8
Telephone: 785-9505
Toll Free in Manitoba: 1-800-362-3340

FURTHER INFORMATION

Information and advice concerning all aspects of establishing and running a small business may be obtained by contacting:

Winnipeg:

Business Resource Centre
6th Floor - 155 Carlton Street
Winnipeg, Manitoba, CANADA R3C 3H8
Telephone: (204) 945-7738
Toll Free in Manitoba: 1-800-282-8069

Manitoba Rural Development
Community Development Branch
4th Floor - 800 Portage Avenue
Winnipeg, Manitoba, CANADA R3G 0N5
Telephone: (204) 945-1127

Rural:

Manitoba Industry, Trade and Tourism
Western Regional Office
P.O. Box 1300
231 — 10th Street
Brandon, Manitoba, CANADA R7A 6N1
Telephone: (204) 726-6250
Fax: (204) 726-6403

Regional Development Corporations:

Central Plains Inc.
20 — 3rd Street N.E.
Portage la Prairie, Manitoba, CANADA R1N 1N4
Telephone: (204) 857-8736
Fax: (204) 239-6519

Eastman Regional Development Inc.
526 Park Avenue
Beausejour, Manitoba, Canada R0E 0C0
Telephone: (204) 268-2884
Fax: (204) 268-2999

Interlake Development Corporation Inc.
P.O. Box 689
Arborg, Manitoba, CANADA R0C 0A0
Telephone: (204) 376-5033
Fax: (204) 376-5095

Norman Regional Development Inc.
P.O. Box 1205
Thompson, Manitoba, CANADA R8N 1P1
Telephone: (204) 778-8155
Fax: (204) 778-7642

Pembina Valley Development Corporation
P.O. Box 1180
Altona, Manitoba, CANADA R0G 0B0
Telephone: (204) 324-6645 Toll Free
(204) 324-8641
Fax: (204) 324-1230

Parkland West Regional Development Inc.
Box 1268
Russell, Manitoba, CANADA R0J 1W0
Telephone: (204) 773-3313

Parkland East Regional Development Inc.
P.O. Box 605
Dauphin, Manitoba, Canada R7N 0W8
Telephone : (204) 638-5919